

Other information



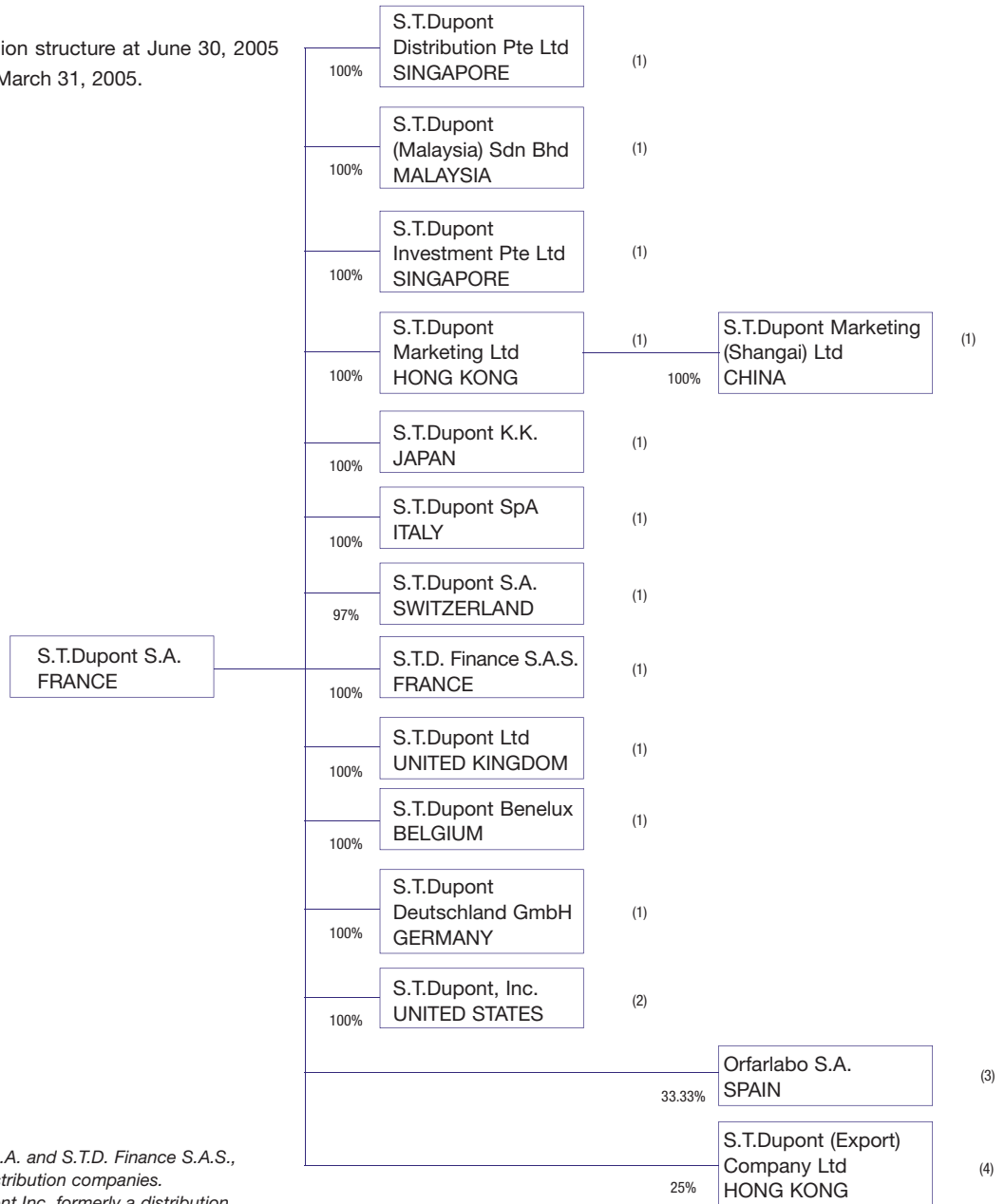




GROUP ORGANIZATION CHART
2004-2005

**GROUP ORGANIZATION CHART
AT JUNE 30, 2005**

The Group's organization structure at June 30, 2005 was unchanged from March 31, 2005.



⁽¹⁾ Except for S.T. Dupont S.A. and S.T.D. Finance S.A.S., all Group entities are distribution companies.
⁽²⁾ The subsidiary S.T. Dupont Inc, formerly a distribution company operating in the U.S. market, is currently dormant.
⁽³⁾ Orfarlabo S.A. is a subsidiary 33.33% owned by S.T. Dupont S.A. and is primarily dedicated to marketing S.T. Dupont products in the Spanish market.
⁽⁴⁾ S.T. Dupont (Export) Company Limited is 75%-owned by D and D International B.V., which also owns approximately 55.8% of S.T. Dupont S.A. This subsidiary is currently dormant.



OVERVIEW OF SUBSIDIARIES' OPERATIONS

The Group has 13 subsidiaries and holds investments in two entities.

Its subsidiaries and investments, with the exception of S.T.D. Finance, are all distribution businesses. In terms of sales and assets, the two largest subsidiaries are the Hong Kong subsidiary and the Japanese subsidiary.

S.T.Dupont Marketing Ltd and S.T.Dupont Marketing (Shanghai) Ltd market S.T.Dupont products in Hong Kong, China and Macao. At March 31, 2005, these regions accounted for nearly 19% of the Group's consolidated net sales of products.

The three subsidiaries S.T.Dupont Marketing Ltd, S.T.Dupont S.A. Suisse and S.T.Dupont K.K. hold licenses or sub-licenses for manufacturing and marketing certain product lines that are dedicated to specific territories.

RELATED-PARTY TRANSACTIONS

In Note 30 of the consolidated financial statements, the Group indicates the amount of its transactions with related parties for the year ended March 31, 2005, as well as amounts receivable and payable at the year end.

1. For three of its Asian subsidiaries – S.T.Dupont Distribution Pte Ltd, S.T.Dupont Marketing Ltd and S.T.Dupont (Malaysia) Sdn Bhd – the Group has signed management fee agreements with companies belonging to the Group of its majority shareholder, in order to reduce overheads by pooling resources. These agreements generally cover administrative services related to management and distribution.

2. During the year ended March 31, 2003, S.T.Dupont Marketing Ltd signed with Dickson Concept Ltd a specific contract concerning the secondment of staff for certain functions, in order to optimize available resources and reduce costs.
3. A licensing agreement for the manufacturing and marketing in China of ready-to-wear apparel and leather goods is in place between the subsidiary S.T.Dupont Marketing Ltd and Bondwood Investment, from which the S.T.Dupont Group receives substantial royalties.
4. To draw upon the expertise and presence in China of its principal shareholder, S.T.Dupont Marketing (Shanghai) Ltd has signed a commercial agreement to open a sales outlet at one of the Seibu department stores owned by the principal shareholder.
5. In Japan, the Group's subsidiary provides the same services as described in paragraph (1) above, to a related party.
6. Other commercial relations with related parties take place under normal arm's length conditions, in a manner fully comparable to business dealings with other parties.
7. Service fee agreements have been entered into between S.T. Dupont S.A. and all of its subsidiaries which are directly or indirectly wholly-owned. Under these agreements, the parent company re-bills the costs incurred under the brand repositioning plan related to developing the subsidiaries' operations.



GENERAL INFORMATION CONCERNING THE COMPANY

Name

S.T.Dupont

Head office

92, boulevard du Montparnasse – 75014 Paris.

Companies register

The Company is registered with the Trade and Companies Register of Paris under number B 572 230 829.

NAF code

366E.

Legal form

The Company is a French *société anonyme* with a Management Board and Supervisory Board, governed by articles L.225-57 to L.225-93 of the French Commercial Code (*Code de Commerce*) and by the decree of March 23, 1967.

Date of incorporation and term

S.T.Dupont was set up on October 6, 1934, in the form of a *société à responsabilité limitée* (limited company), and was changed into a *société anonyme* corporation with a Board of Directors by the Extraordinary General Meeting of March 12, 1965, then into a *société anonyme* corporation with a Management Board and Supervisory Board by the Extraordinary General Meeting of April 28, 1978. The Company's legal life expires after 99 years, on October 6, 2033, unless it is dissolved prior to this date or an extension is obtained, in an Extraordinary General Meeting.

Fiscal year

The Company's fiscal year begins on April 1, and ends on March 31 of each calendar year.

Statutory Auditors

In accordance with applicable legislation, the Company has appointed two Statutory Auditors

Place where legal documents concerning the Company can be consulted

The Company's bylaws, financial statements and minutes of General Meetings can be consulted at the head office.

Corporate purpose (article 3 of the bylaws)

The Company's corporate purpose – in France and in other countries – concerns the following activities, carried out either directly or indirectly, on the Company's own behalf or on behalf of third parties:

- manufacturing, selling, distributing and promoting objects made of precious metals and all luxury good items including leather goods, textiles, watches, crystal products, jewelry or silver or gold products, ready-to-wear or *haute couture* apparel, travel items, writing instruments, objects for smokers, particularly lighters etc.;
- assistance to companies with operations that include the manufacturing and sale of similar items, whether luxury goods or not, including “disposable” products;
- any technological assistance in relation to use of the Company's patents by third parties;
- design and production of machines, machine components, tooling and equipment, in particular hydraulic and pneumatic equipment and accessories, including command, control and adjustment mechanisms;
- all manufacturing and sales operations relating to:
 - the creation, acquisition, rental or business leasing of any and all businesses, as well as the rental, setting up and running of all establishments, businesses, factories or workshops relating to the activities mentioned above;
 - the filing, acquisition, use or sale of any and all processes, patents and brands concerning these activities;



- direct or indirect involvement of the Company in any and all financial, real-estate, plant or equipment operations, as well as any and all sales or industrial ventures that may be connected with the corporate purpose or with a similar or related purpose;

- and generally any and all financial, marketing, industrial, property, plant or equipment operations, that may be connected directly or indirectly with one of the purposes mentioned above or with any similar or related purpose, or that may promote the development of the Company's assets.

Appropriation of income (article 41 of the bylaws)

In accordance with the law, at least 5% of net income for the year, less any prior year losses, is allocated to the legal reserve, until such time as the legal reserve represents one tenth of share capital.

Further annual transfers are made on the same basis if the legal reserve falls to below one-tenth of capital stock, whatever the reason.

Distributable profit comprises net income for the year, less any losses brought forward from prior years and any amount to be appropriated to reserves as a result of legal or statutory requirements, plus retained earnings. From this profit, the General Meeting will appropriate the amounts that it deems fit to allocate to optional, ordinary or extraordinary reserves, or to carry forward to the following year. Any remaining balance will be distributed to all shareholders as dividends on their fully paid up and non-redeemed shares.

However, except in the case of a reduction in capital, no amounts may be distributed to shareholders when capital stock plus reserves fall below, before or after such distribution, the minimum level defined as not available for distribution by applicable legislation or these bylaws.

The General Meeting may decide to distribute amounts drawn from available reserves in order to provide or top up a dividend, or as an exceptional distribution; in this case, the decision must state explicitly which reserve accounts have been drawn upon. As a first priority, dividends are drawn from distributable profit. Following the approval of the financial statements by the General Meeting, any losses are recorded as deficits in a special account, to be deducted from the profits of future years until they have been netted off.

Payment of dividends (article 42 of the bylaws)

The General Meeting which approves the financial statements for the year has the power to grant to each shareholder, in respect of all or part of a dividend or an interim dividend to be distributed, the choice of payment in cash or in shares. The methods of payment for cash dividends are determined by the General Meeting, or the Management Board in the absence of a decision by the shareholders. Dividends must be payable at the latest nine months after the end of the fiscal year, unless an extension is obtained by a court decision. The Company has the power to pay an interim dividend prior to the approval of the financial statements for the year, when a balance sheet drawn up either during or at the end of a fiscal year, and audited by a Statutory Auditor issuing an unqualified opinion, shows that the Company has achieved a profit since the close of the previous fiscal year, after taking into account retained earnings, as well as all required depreciation, amortization and provisions, and after deducting any prior-year losses and allocations to the legal reserve required by law or the bylaws. The amount of such interim dividend payments may not exceed the amount of the profit as defined above.

GENERAL MEETINGS

Calling and holding of General Meetings (article 31 of the bylaws)

General Meetings are called either by the Management Board or by the Supervisory Board or, failing this, by any person legally authorized to do so.

The method and timing by which shareholders are notified of upcoming General Meetings are governed by applicable legislation. The notice of Meeting – which may be sent electronically – must specify the agenda for the Meeting as well as its venue, which can be the Company's head office or any other location.

When a quorum cannot be reached for a General Meeting, a second Meeting and, if required, an extended second Meeting must be called in the same manner as the first. The notice of the second Meeting must mention the date of the first Meeting and include the same agenda.



Admission to General Meetings – Powers (article 33 of the bylaws)

1. All shareholders have the right to participate in General Meetings, either in person or by proxy, regardless of the number of shares held, subject only to proof of identity, provided that the shares are fully paid up and have been registered in the shareholder's name at least five days prior to the start of the Meeting.
2. Each shareholder may vote by mail using a postal voting form which can be obtained by following the instructions provided in the notice of Meeting.
3. Shareholders may give proxy to their spouse or to another shareholder, who will be required to present appropriate proof thereof.
4. The right to attend General Meetings or to vote by mail is subject either to the shareholder having registered his or her shares or, for holders of bearer shares, to obtaining from the accredited financial intermediary that manages their share account a certificate stating that the shares will be retained in this account until the date of the Meeting. This certificate must be deposited at the place specified in the notice of Meeting, at least five days before the Meeting.
5. Holders of registered shares only need to provide proof of their identity to be admitted to General Meetings, whereas holders of bearer shares also need to provide the certificate mentioned above.

If it deems it appropriate, the Management Board may also decide to provide shareholders with individual admission cards bearing their names.

6. Any shareholder not resident in France may elect to be represented by a registered intermediary, in accordance with the prevailing laws and regulations. Such registered intermediary may be empowered under a management mandate to submit the shareholder's vote or proxy for the purposes of General Meetings.
7. Decisions of General Meetings may be made by means of videoconferencing technology or any other form of communication media, to the extent allowed by law.

For the purposes of calculating the quorum and majority at General Meetings, shareholders participating through videoconferencing technology in accordance with the applicable legal provisions shall be deemed present.

Voting rights (article 35 of the bylaws)

1. The quorum is calculated at General Meetings on the basis of all shares that are issued and outstanding, less any shares stripped of voting rights in application of the law. To be taken into account for the purpose of establishing the quorum, postal votes must be submitted on the required form, include proof that the shares have been deposited with an accredited intermediary and be received by the Company at least three days before the date of the Meeting.
2. Each shareholder has a number of votes corresponding to the number of shares held or represented by proxy, without restriction. Nevertheless the right to a double vote, in addition to that on other shares, is granted in respect of all fully paid-up shares provided they have been registered for four years in the name of the same shareholder, as from the listing of the Company's shares on the Euronext Paris S.A.'s *Second Marché*. In addition, when the capital is increased by the capitalization of reserves, or when shares are exchanged as part of a stock split or reverse stock split, a right to a double vote is granted on issue to each share distributed in respect of registered shares carrying double voting rights, provided that the newly-issued shares are held in registered form.

Any merger or demerger of the Company would have no impact on double voting rights, which could be exercised within the beneficiary company if the latter's bylaws include such a provision.

3. Votes at General Meetings are cast by a show of hands, by roll call or by secret ballot, as decided by the officers of the Meeting or the shareholders.

Disclosure thresholds

The only requirements concerning disclosure to the Company and to the French securities regulator (*Autorité des Marchés Financiers*) of the crossing of thresholds of ownership interest in the Company are those set by applicable legislation.



INFORMATION CONCERNING CAPITAL STOCK

Breakdown of capital stock

At March 31, 2005, the parent company's capital stock amounted to €9,962,758.40, represented by 6,226,724 shares with a par value of €1.60 each, all fully paid up and all in the same class.

During fiscal 2004-2005, 100 bonds subscribed in connection with the convertible bond issue of May 4, 1999 were converted into shares on the basis of 1.05 ordinary shares with a par value of €1.60 per convertible bond with a nominal value of €10.10, increasing the Company's capital by 104 shares. In addition, 207 bonds subscribed under

the April 2004 "OCÉANE" bond issue were converted during the year into 207 shares. In total, the Company's capital was increased by 311 shares in the year ended March 31, 2005.

Conditions governing increases and reductions in capital stock

The Company's capital stock may be increased, reduced or redeemed by all methods authorized by applicable laws and regulations.

AUTHORIZED, UNISSUED CAPITAL*

	Type of authorized issue	Total per value of authorized issue	Period of validity of the authorization
9 th resolution	Issue of ordinary shares and other securities, including debt securities subject to a ceiling of €90 million, entitling their holders to ordinary shares of the Company or one of its subsidiaries, with preferential subscription rights for existing shareholders.	€9,200,000	26 months as of September 9, 2005
10 th resolution	Issue of ordinary shares and other securities, including debt securities subject to a ceiling of €90 million, entitling their holders to ordinary shares of the Company or one of its subsidiaries, without preferential subscription rights for existing shareholders.	€9,200,000	26 months as of September 9, 2005
11 th resolution	Issue of shares to be paid up by capitalizing retained earnings, income or additional paid-in capital.	€2,000,000	26 months as of September 9, 2005
14 th resolution	Issue of shares or share equivalents in connection with a public exchange offer made by the Company.	€9,200,000	26 months as of September 9, 2005
15 th resolution	Issue of shares or share equivalents as payment for shares or share equivalents granted to S.T.Dupont S.A. in the form of contributions in kind.	10% of the company's share capital subject to a ceiling of €9,200,000	26 months as of September 9, 2005
16 th resolution	Issue of ordinary shares as a result of the issuance of securities by Group subsidiaries.	€2,000,000	26 months as of September 9, 2005
17 th resolution	Employee share issue.	€920,000	26 months as of September 9, 2005

* Draft authorizations to the Management Board to increase capital stock to be submitted to shareholders at the Ordinary and Extraordinary General Meeting of September 9, 2005.



STOCK OPTION PLANS

On January 4, 2005, the Management Board approved the following stock option plan:

Number of options	311,335
Exercise price	€4.97
Period of validity of the options	Up to March 31, 2013
Exercise of the options	- All of the options in the plan are subject to a vesting period spanning from the date of grant to June 30, 2005, during which they cannot be exercised. - 186,801 options may be exercised as from July 1, 2005. - 62,267 options may be exercised in each of the following two fiscal years, commencing on April 1, 2006 and April 1, 2007 respectively.
Number of beneficiaries	1 (member of the Management Board).

On March 6, 1997, the Management Board used the authorization granted by the Annual and Extraordinary General Meeting of October 8, 1996 to approve the following stock option plan:

Number of options	12,600 (including 10,600 granted to senior management) Each option is exercisable for one share
Exercise price	€26.41
Period of validity of the options	Up to March 6, 2007 inclusive
Exercise of the options	- The options did not vest until March 6, 2002, except in cases related to serious disability, retirement, early retirement or death of the beneficiary - From March 6, 2002 to March 6, 2007 inclusive, the options can be exercised at any time each year from August 1 to November 30 and from March 1 to May 31.
Number of beneficiaries	4 (including three members of senior management)
Number of options exercised at March 31, 2005	0

LIST OF MANAGEMENT BOARD BENEFICIARIES OF THE STOCK OPTION PLANS

Management Board beneficiary	Number of shares for which options are exercisable under the March 6, 1997 plan	Number of shares for which options are exercisable under the January 4, 2005 plan
William Christie	4,200	
Charles Jayson		311,335
Christian Gayot	3,200	
Catherine Leducq	3,200	
Total	10,600	311,335



OTHER SHARE EQUIVALENTS

2004 "OCÉANE" bond issue

In accordance with the authorization granted by the Ordinary and Extraordinary General Meeting of September 11, 2002, to issue share equivalents without preferential subscription rights, the Management Board decided on March 19, 2005 to issue bonds in an amount of €22,499,999.83, represented by 4,756,871 bonds convertible and/or exchangeable into new or existing shares at a price of €4.73 each.

Payment of fractional shares

If the number of shares is not a whole number, the Bondholder may request the delivery of:

- either the next lower number of shares; in which case, the Bondholder will receive a cash payment equal to the value of the additional fraction of a share, calculated on the basis of the opening price quoted on the *Second Marché* of Euronext Paris S.A. on the last trading day of the Exercise Period during which the Company shares were quoted;
- or the next higher number of shares, provided that in such case the Bondholder pays to the Company an amount equal to the value of the additional fraction of a share so requested, calculated on the basis set out in the preceding paragraph.

The bonds were described in an information memorandum approved by the *Autorité des Marchés Financiers* on March 23, 2004 under reference 04-185. They are listed on Euronext Paris S.A.

Share buyback program

The Ordinary and Extraordinary General Meeting of September 17, 2004 authorized the Management Board, for a period of eighteen months, to buy back the Company's shares in accordance with the conditions and procedures set by applicable laws, in particular for the purpose of stabilizing the share price, subject to a maximum of 10% of the capital stock. It specified that the acquisition, disposal or transfer of these shares could take any form, with a minimum sale price of €2 and a maximum purchase price of €6.58, subject to adjustments related to any capital increases or decreases and/or stock splits or reverse stock splits. The shares bought back may be put to any use authorized by law, including cancellation.

The share buyback program is presented in the information memorandum approved by the *Autorité des Marchés Financiers* on August 17, 2004 under reference 04-729.

The upcoming General Meeting of shareholders will be asked to renew this authorization with essentially unchanged terms.

Voting rights

Double voting rights

In accordance with article 35 of the bylaws, the right to a double vote, in addition to that on other shares, is granted in respect of all fully paid-up shares provided they have been registered for at least four years in the name of the same shareholder, as from December 6, 1996 (Ordinary and Extraordinary General Meeting of October 8, 1996), when the Company's shares were first listed on Euronext Paris S.A.'s *Second Marché*.

As stipulated in article L.225-124 of the French Commercial Code: *"Double voting rights granted in accordance with article L.225-123 are stripped from any registered shares that are converted into bearer shares or sold. However, registered shares are not stripped of voting rights and the qualifying period continues to run following the transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate or an inter vivos gift to a spouse or a relative in the direct line of succession. Any merger or demerger of the Company would have no impact on double voting rights, which can be exercised within the beneficiary company if the latter's bylaws include such a provision."*

Voting right restrictions

In accordance with article 35 of the bylaws, each shareholder has a number of votes corresponding to the number of shares held or represented by proxy, without restriction.



CHANGES IN SHAREHOLDERS' EQUITY OVER THE LAST FIVE YEARS

Fiscal year	Operation	Per value of shares (in euros)	Issue and conversion premiums (in euros)	Capital (in euros)	Number of shares created	New number of shares
At March 31, 2000		1.6	10,662.00	-	-	6,108,649
	<ul style="list-style-type: none"> September 29, 2000: conversion of bonds into shares March 16, 2001: conversion of bonds into shares 		7,391.68	1,382.40	864	
At March 31, 2001		1.6	756,764.95	9,913,091.20	-	6,195,682
	<ul style="list-style-type: none"> September 30, 2001: conversion of bonds into shares 		262,219.33	48,800.00	30,500	
At March 31, 2002		1.6	1,018,984.28	9,961,891.20	-	6,226,182
	None					
At March 31, 2003		1.6	1,018,984.28	9,961,891.20	-	6,226,182
	<ul style="list-style-type: none"> March 25, 2004: conversion of bonds into shares* 		1,896.40	369.60	231	
At March 31, 2004		1.6	1,020,836.68	9,962,260.80	-	6,226,413
	<ul style="list-style-type: none"> April 16, 2004: conversion of bonds into shares Redemption of 1999 convertible bond issue up until July 16, 2004 October 6, 2004: conversion of bonds into shares January 5, 2005: conversion of bonds into shares^(b) 		606.74	116.80	73 ^(a)	
			(9,402.08)	-	-	
			842.97	348.80	218	
			62.60	32.00	20	
At March 31, 2005		1.6	1,012,990.91	9,962,758.40	-	6,226,724

* Placed on record by the Management Board on April 16, 2004.

(a) To maintain the rights of the holders of convertible bonds following the cash distribution from reserves in respect of the year ended March 31, 2002, S.T.Dupont adjusted the basis for conversion in accordance with the terms of the issue prospectus for the 4.50% convertible bonds issued in May 1999 which matured in April 2004 (Sicovam code** 18075) that was approved on May 4, 1999 under COB reference 99-536. The amended basis for conversion was 1.05 shares with a par value of €1.60 for 1 convertible bond with a nominal value of €10.10.

(b) Bond issue of March 19, 2004 (1 share for one bond).

SHAREHOLDERS' AGREEMENT

There are no shareholders' agreements.

PLEDGING OF SECURITIES

At March 31, 2005, none of the shares making up the Company's capital had been pledged.



REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD, MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

Management Board and Executive Committee

Compensation paid to members of the Management Board and Executive Committee is set in line with market practices of comparable groups. This may lead the Company to base compensation on studies carried out by specialized consultants.

This compensation includes a fixed and variable portion, reflecting the individual contribution of members to the Group's earnings performance.

The differences in compensation are attributable to the fact that the figures relate to a full year for some members of the Management Board or Executive Board and to their level of expertise.

Management Board

Members of the Management Board received the following compensation for 2004-2005:

William Christie:	€215,078
Benjamin Comar:	€277,050 including €3,050 for Board work
Christian Gayot:	€141,050 including €3,050 for Board work
Catherine Leducq:	€132,050 including €3,050 for Board work

In April 2004, the following variable portions were paid for 2003-2004:

William Christie	€50,000
Benjamin Comar	€40,000
Christian Gayot	€12,000
Catherine Leducq	€18,000

In addition, Benjamin Comar received variable compensation of €25,000 for 2004-2005.

Compensation in kind corresponding to a company car and Corporate Officer's liability insurance represented €21,716 for William Christie. Compensation in kind corresponding to a company car represented €5,155 for Benjamin Comar and €4,319 for Christian Gayot.

Three members of the Management Board held 10,600 stock options under the plan described on page 148.

One member of the Management Board held 311,335 stock options under the plan described on page 148.

Executive Committee

The aggregate amount of remuneration for 2004-2005 paid by S.T.Dupont to Executive Committee members (excluding members of the Management Board) was €613,469. This amount includes fixed and variable compensation as well as compensation in kind.

Attendance fees totaling €4,575, decided on by the General Meeting of September 17, 2004 for the 2004-2005 fiscal year, were granted to André Tissot-Dupont.

REGULATED AGREEMENTS

The regulated agreements entered into in 2004-2005 are presented in the Statutory Auditors' special report. No new regulated agreements were signed in the period from March 31, 2005 to May 31, 2005.



1. DEPENDENCE OF THE COMPANY ON CERTAIN CUSTOMERS, SUPPLIERS OR PATENTS

1.1 Dependence of the Company on certain customers

The Company has no specific dependence on any of its customers.

1.2 Dependence of the Company on certain procurement channels and suppliers

For nibs used in producing fountain pens, the Company currently uses only one supplier. Historically, fountain pens have accounted for less than 22% of the Company's sales of writing instruments. Similarly, a sub-assembly of the "X.tend" lighter is currently produced by only one supplier. In both cases, however, the Company believes that it could find a new supplier within a reasonable time-frame should its current supplier default. Further, the production cost of the Company's products is sensitive to fluctuations in commodities prices, and in particular the cost of the precious metals it uses. Precious metals account for about 5% to 10% of the direct costs of the products.

1.3 Dependence on new product launches

Over the past three fiscal years, lighter sales have represented between 38.3% and 39.3% of consolidated sales. The worldwide luxury lighters market is not expected to expand significantly in the coming years, therefore the Company's growth also depends largely upon the development of its other product lines and how they will be received by the public. In 2004-2005, S.T.Dupont strengthened its research and development drive in order to prepare the launch of creative, modern and luxury products within each range. In the coming years, the key success factors for these products will be customer take-up rates, as well as technical expertise and the roll-out of sales and marketing initiatives.

1.4 Competition

Given the specific nature and diversity of the product portfolio belonging to the S.T.Dupont brand, added to its positioning in different markets, no company can truly be deemed to be directly comparable.

2. BRANDS, PATENTS AND DESIGNS BELONGING TO THE COMPANY

Protecting its industrial and intellectual property rights is a core aspect of the Company's strategy. To this end, the Company devotes a substantial budget to protecting and updating its rights to brands, patents and designs.

The Company has an extensive portfolio of brands including "S.T.Dupont", "D", "X.tend" and several logos such as the square "icon". The Company also legally protects the names of product lines. In 2004-2005 these included "D-Light" and "D.Link" which were registered in 40 countries. The Company's principal "S.T.Dupont" brand name is registered in many countries throughout the world for a large number of products and its legal protection is extended to new countries and products every year.

The Company also legally protects designs and models relating to its products both in France and abroad. In 2004-2005, models of the D-Light lighter and D.Link pen were registered in 35 countries.

The Company has implemented procedures designed to protect its brands, designs and other intellectual or industrial property rights, across all of its major or high-risk markets, and for many years has been an active player in organizations fighting counterfeiting.

Whenever it deems it necessary, the Company initiates proceedings to prevent the registration or use of brands considered likely to be confused with the Company, its brands or its products.



1. INTEREST-RATE AND CURRENCY RISKS

Currency risk

In the normal course of business, the S.T.Dupont Group is exposed to financial risks arising from changes in the exchange rates of certain currencies, due to the geographic location of its sources of supply – mainly in Europe – as well as of its companies and markets. Royalty revenues are also exposed to currency risks.

The Group is exposed to risks arising from the translation of the financial statements of foreign subsidiaries into euros, particularly with respect to the U.S. dollar and to currencies pegged to the dollar, as well as the yen, due to the Group's strong presence in Asia.

In addition to the translation risk described above, the Company and its subsidiaries are exposed to currency risks on certain transactions denominated in a currency other than the local currency of the entity concerned. Exchange rate volatility can have the effect of reducing the value of the transaction in the original currency. This risk is hedged by the Company.

Risks associated with cash management operations and interest rate and currency instruments are managed by the parent company according to guidelines approved by Group Management. The Group Treasurer and the Financial Controllers at each of the subsidiaries monitor exposure limits and positions on a daily basis and also sign off on results. The Group only uses simple derivative instruments. Note 28 to the consolidated financial statements describes the Group's sensitivity to currency risk, its hedging policy and commitments at end-March 2005.

Interest-rate risk

The cash position is managed according to the guidelines established by Group Management, which are designed to achieve maximum liquidity while earning the highest possible return on investments according to the yield curve and reducing borrowing costs. Positions are managed on a time horizon of less than 12 months, based on a benchmark overnight interest rate.

The majority of the Group's debt is fixed rate and corresponds to the €22,499 thousand outstanding on the OCÉANE bonds redeemable on April 1, 2009, excluding accrued interest.

The Group's sensitivity to interest-rate risk and its hedging policy are described in Note 28 to the consolidated financial statements.

2. COUNTERPARTY RISKS

The Group does business solely with banks that have been approved by the parent company, based on an assessment of their financial strength. The Group is not exposed to any material concentration of risks arising from its dealings with banking counterparties.

Similarly, the Group is not exposed to any material concentration of risks arising from dealings with counterparties in transactions involving financial instruments. Transactions involving derivative instruments and the investment of available cash are carried out with financial institutions recognized for their financial strength.

3. LIQUIDITY RISKS

In addition to bond issues, the S.T.Dupont Group has access to confirmed and mainly unconfirmed lines of credit obtained from international banks.

Note 28 to the consolidated financial statements describes the amounts and related covenants of the Group's credit lines.

4. EQUITY RISKS

S.T.Dupont has signed a market-making agreement with a brokerage firm, aimed at stabilizing the performance and guaranteeing the liquidity of the Company's shares. The maximum amount of this agreement is €305 thousand.

The agreement was signed in connection with the share buyback program described in the information memorandum approved under *Commission des Opérations de Bourse* visa 02-1011 dated September 12, 2002. Under the terms of this agreement, 8,268 S.T.Dupont shares were held at March 31, 2005, representing €45 thousand.



5. LEGAL RISKS

All of the Company's transactions are covered by contracts, except where this is contrary to standard business practice.

The Company dedicates a significant budget to protecting its brands, designs and patents against counterfeiting, by registering them in France and abroad.

As a manufacturer, the Company is extremely careful about the safety of the lighters it produces. As a direct result of this, S.T.Dupont has been awarded certification by the French National Testing Laboratory (*Laboratoire National d'Essais*) for its safety standards relating to its main lighter lines. The Company ensures that its products comply with applicable standards – a factor that has become ever-more important since the European Directive on General Product Safety came into force. In addition, S.T.Dupont is a member of the Commission for creating standards for lighters within AFNOR, France's standard-setting agency.

From time to time the Company is involved in various claims and litigation in the normal course of business, including cases relating to the registering of trademarks. This is particularly the case in Hong Kong in relation to the S.T.Dupont trademark for the Ready-to-wear business. Like all luxury brands, the Company is exposed to numerous cases of product counterfeiting, especially in China. In order to enhance its responsiveness, the Company has assigned specialized firms to monitoring its sensitive markets. S.T.Dupont is also involved in certain disputes concerning employee relations and customer receivables. The Company does not believe that the cost or consequences of such disputes currently in progress may have a material negative impact on the consolidated financial position or results of S.T.Dupont S.A. or its subsidiaries.

S.T.Dupont's German subsidiary is currently involved in a dispute with the German tax authorities concerning fiscal years 1988 to 1998. The Company believes that the demands of the German tax authorities are unfounded and has lodged a request for arbitration with the European Commission. The arbitration commission is expected to hand down its decision during 2005-2006. The decision may be appealed.

The Company deems that to date no exceptional events have occurred and no litigation or dispute, other than that mentioned above, is pending or in progress that is likely to have a material impact on the consolidated assets and liabilities, financial situation or results of the Company and its subsidiaries.

Measures relating to restricting tobacco advertising and increasing tobacco prices, as well as EU regulations on child-proof lighters could possibly have an impact on lighter sales.

6. INDUSTRIAL AND ENVIRONMENTAL RISKS

The manufacturing facility is not exposed to any major industrial risks, but owing to the nature of its operations it does have a tank of liquid gas on the premises. An accident involving this tank could have consequences on operations.

The transportation of lighters and gas refills complies with all the safety requirements relating to transportation of hazardous materials.

7. INSURANCE

S.T.Dupont's global insurance and risk coverage strategy is intended to prevent or reduce any harmful effects of its operations both in France and abroad. S.T.Dupont's third-party liability and business interruption insurance programs are covered by a pool of insurers led by GAN/ Groupama (except for Directors and Officers liability insurance which is covered by the AIG Group and transport insurance which is covered by a pool of insurers led by the Allianz Group).

S.T.Dupont considers that its insurance and risk coverage program is suitable for both its size and the nature of its operations



The insurance programs include:

• **Corporate Liability Insurance**

This policy covers S.T.Dupont S.A. and most of its subsidiaries in the event of liability claims which may arise as a result of applicable laws, regulations or practices. It covers bodily injury, property damage and consequential losses caused to a third party as a result of their operations, including after delivery of their products. It also covers the financial consequences of “inexcusable fault” as defined in article L.452-1 et seq. of the French Social Security Code, committed by the insured or by any representative of the insured managing the company.

In addition, the policy covers costs incurred by S.T.Dupont or by a third party (including the client) in relation to warning the public and/or recalling a product, either in the case of an injunction by a regulatory authority or at the initiative of the insured if said product carries a risk of bodily injury and provided this risk is proved by the insured.

Coverage includes:

- operational liability:
 - bodily injury up to an amount of €6,100,000 per claim;
 - property damage/consequential loss (all causes) up to an amount of €2,286,000 per claim;
 - consequential loss not arising from a bodily injury up to an amount of €380,000 per claim;
- liability insurance after delivery of products:
 - bodily injury/property damage/consequential loss (all causes) up to an amount of €2,286,000 per year;
 - consequential loss not arising from a bodily injury or property damage up to an amount of €380,000 per year;
 - product recall costs up to an amount of €76,000 per year.

Liability insurance in France, Italy, Belgium and the United Kingdom does not include a deductible. Difference in conditions/difference in limits insurance (DIC/DIL) applies in Switzerland, Japan and Germany.

• **Directors and Officers liability insurance**

The Company has taken out adequate insurance cover for Directors and Officers liability (legal and de facto), both for France and subsidiaries outside France. This covers any claim made in relation to directors’ and officers’ liability, either individually or severally.

• **Environmental liability**

The Company has taken out a specific environmental liability policy covering it in the event of liability claims which may arise as a result of bodily injury, property damage and consequential loss incurred by a third party as a result of an environmental impact following accidental cases occurring within any of the Company’s sites.

This “Environmental impact” policy covers the Company against any emission, dispersion, release or deposit of any solid, liquid or gas in the atmosphere, water or on land. It also covers the production of odors, noises, temperature variations, radio waves, radiation or radioactivity exceeding the thresholds of standard obligations towards neighbors of Company sites. The coverage limit is €4,573,470 per year with a €15,244 deductible.



• **All risks insurance (subject to named exclusions) covering property damage and business interruption**

This policy covers:

- losses that may be incurred by S.T.Dupont's industrial sites, offices, stores and warehouses (buildings owned and/or leased, furniture, equipment and goods) at replacement cost. Coverage also includes any miscellaneous costs and losses such as the reconstitution of models, molds, drawings, archives, and any IT programs or support functions;
- business interruption resulting from the aforementioned losses;
- fair value of purchased goodwill.

Concerning property damage:

- S.T.Dupont's industrial sites (buildings owned and/or leased, furniture and equipment) are covered for an amount up to €51,969,340 and goods are covered for an amount up to €22,993,100;
- S.T.Dupont's offices, stores, warehouses (buildings owned and/or leased) are insured for an amount up to €9,131,000. Equipment, furniture and goods are insured for an amount up to €2,534,345.

Business interruption coverage stands at €60,590,000. Fair value of purchased goodwill is covered for an amount up to €3,900,000.

Regarding property damage and business interruption, a general insurance program has been set up in France and Italy. In Germany, the United Kingdom and Belgium, DIC/DIL insurance applies.

• **Transport insurance**

S.T.Dupont's transport insurance policy covers journeys made within France and journeys from France to foreign destinations.

Coverage includes:

- on a worldwide basis, all goods in the process of being transported by sea, land, air or river;
- in Metropolitan France, Belgium, Italy, Germany, Switzerland, the United Kingdom and Japan, all goods stocked in the Group's warehouse and/or stores in which the insured has an insurable interest.

Coverage encompasses all risks including total or partial theft, in accordance with the conditions set out in the French Marine Cargo Insurance Policy. Coverage applies without interruption from the moment when the goods packaged for shipment are taken into the stores of the shipper or a third-party warehouse. It ends after the last transport vehicle has fully unloaded the shipment in the store and/or warehouse of the consignee.

Transport coverage is capped at €609,795 per claim, with a per-claim deductible of €1,500. Storage coverage is capped at €304,895 per claim.

This policy does not cover war risks, but addenda to the policies are negotiated at the time of any outbreak of hostilities.

• **Motor fleet insurance, covering the vehicles used by the Company**

This insurance policy covers S.T.Dupont S.A.'s motor fleet, as well as employee vehicles used for professional assignments.

Additional insurance programs have also been set up at a local level where necessary, in accordance with the applicable legislation and regulations.



Although S.T.Dupont considers that its insurance and risk coverage program is suitable for both its size and the nature of its operations, it cannot be ruled out that the insurance coverage limit may, in exceptional cases, be exceeded and that the full amount of the loss may not be covered by the insurance policy.

During fiscal 2004-2005, S.T.Dupont's total insurance cost represented 0.6% of the Company's sales.

A study on the appropriateness of S.T.Dupont's total insurance cover is currently being carried out in association with the Company's brokerage firm.

8. OTHER RISK FACTORS

Risks related to the People's Republic of China

Due to the importance of the Chinese market to the Company, its operations could be affected by unfavorable political and economic trends in the People's Republic of China. Its success in this market will also depend on continued efforts to fight counterfeiting.

Other external risks

The Group is exposed to other external risks, be they related to public health, such as SARS, or political, such as terrorist attacks, which impact tourism and business travel. These types of events may lead to a decline in sales and profitability in the markets concerned.



1. PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE*

William Christie, President of the Management Board of S.T.Dupont.

Statement by the person responsible for the *Document de Référence*

“To the best of our knowledge, the information contained in the *Document de Référence* is correct and includes all information required to allow investors to form an opinion on the assets and liabilities, business, financial position, results and outlook of the Company and its subsidiaries. No information has been omitted that would be likely to alter an investor’s opinion.”

Paris, July 11, 2005

William Christie,
President of the Management Board

2. NAMES AND ADDRESSES OF THE AUDITORS

Statutory Auditors

PricewaterhouseCoopers Audit

63, rue de Villiers – 92200 Neuilly-sur-Seine

Represented by Hervé Panthier

First appointed on September 19, 2003

Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2006.

Ricol, Lasteyrie & Associés

2, avenue Hoche – 75008 Paris

Represented by Gilles de Courcel

First appointed on September 30, 1996

Last re-appointed on September 11, 2002

Current term expires at the Annual General Meeting called to approve the financial statements for the year ending March 31, 2008.

Substitute Auditors

Pierre Coll

63, rue de Villiers – 92200 Neuilly-sur-Seine

René Ricol

2, avenue Hoche – 75008 Paris



FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

	March 31, 2005 PricewaterhouseCoopers Audit and network		March 31, 2005 Ricol, Lasteyrie & Associés		March 31, 2005 Other	
	In € thousands	%	In € thousands	%	In € thousands	%
Audit						
• Statutory audit and contractual audits	433	88.0%	93	100.0%	63	86.3%
• Other engagements	2	0.4%	0	0.0%	1	1.4%
Sub-total: audit	435	88.4%	93	100.0%	64	87.7%
Other services						
• Legal and tax advisory services	51	10.4%	0	0.0%	8	10.9%
• Information technology	0	0.0%	0	0.0%	0	0.0%
• Internal audit	0	0.0%	0	0.0%	0	0.0%
• Other	6	1.2%	0	0.0%	1	1.4%
Sub-total: other services	57	11.6%	0	0.0%	9	12.3%
TOTAL	492	100.0%	93	100.0%	73	100.0%



STATEMENT BY THE STATUTORY AUDITORS CONCERNING THE *DOCUMENT DE RÉFÉRENCE*

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of S.T.Dupont S.A. (the Company) and in application of article 211-5-2 of the General Regulations of the *Autorité des Marchés Financiers* (AMF), we have examined in accordance with French professional standards, the information about the financial position and the historical accounts included in the *Document de Référence*.

The *Document de Référence* is the responsibility of the President of the Management Board of the Company. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in the *Document de Référence*.

Our procedures, which were performed in accordance with French professional standards, consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements, reading the other information contained in the *Document de Référence* in order to identify any material inconsistencies with the information about the financial position and the accounts, and reporting any manifestly incorrect information that came to our attention, based on our overall knowledge of the Company, as acquired during our audit. The *Document de Référence* does not contain any forward-looking information determined according to a structured process.

The consolidated financial statements for the year ended March 31, 2003, as approved by the Management Board, were audited by Coopers & Lybrand Audit, a member of PricewaterhouseCoopers, and Ricol, Lasteyrie & Associés, in accordance with French generally accepted auditing standards. The audit report on these consolidated financial statements was free of qualifications or observations.

The parent company financial statements for the year ended March 31, 2003, as approved by the Management Board, were audited by Coopers & Lybrand Audit, a member of PricewaterhouseCoopers, and Ricol, Lasteyrie & Associés, in accordance with French generally accepted auditing standards. The audit report on these financial statements was free of qualifications but contained an observation relating to two changes in accounting method, which concerned post-retirement health insurance expenses and benefit obligations relating to long-service awards.

We audited the parent company financial statements and consolidated financial statements for the years ended March 31, 2004 and March 31, 2005, as approved by the Management Board, in accordance with French generally accepted auditing standards. The audit reports on these financial statements were free of qualifications or observations.

Based on the procedures described above, we have nothing to report with respect to the fairness of the information about the financial position and the historical financial statements contained in the *Document de Référence*.

Paris, July 11, 2005

The Statutory Auditors

Members of the *Compagnies Régionales* of Versailles and Paris

PricewaterhouseCoopers Audit
represented by Hervé Panthier

Ricol, Lasteyrie & Associés
represented by Gilles de Courcel

Additional information

The *Document de Référence* includes:

- the Statutory Auditors' reports on the parent company financial statements and the consolidated financial statements for the year ended March 31, 2005, including justifications of the Statutory Auditors' assessments prepared in accordance with article L.225-235 of the French Commercial Code;
- the Statutory Auditors' report – prepared in accordance with the final paragraph of article L.225-235 of the French Commercial Code – relating to the report of the Chairman of the Supervisory Board of S.T.Dupont which describes the internal control procedures relating to the preparation and processing of accounting and financial information.

CROSS-REFERENCE TABLE

A document filed as a *Document de Référence* in France must include certain information. The table below provides details of the main captions included in article 211-5-2 of the General Regulations of the AMF, and the pages of this report on which said information can be found.

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